



COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services

PATRICK W FINNERTY
DIRECTOR

August 1, 2005

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Dear Pharmaceutical Manufacturer:

To address the growing need to control rising prescription drug expenditures, the Department of Medical Assistance Services (DMAS) has successfully implemented a Preferred Drug List (PDL) for its fee-for-service population. In February 2004, the Department received approval from the Centers for Medicare and Medicaid Services (CMS) to implement the PDL and related Medicaid supplemental rebate program.

DMAS' Pharmacy and Therapeutics (P&T) Committee conducted its initial reviews of Phase I PDL drug classes in 2003 and originally implemented these classes in January 2004. The first annual review of these drug classes was completed in September 2004 and related changes were implemented in January 2005. The second annual review of the Phase I drug classes by the P&T Committee is scheduled for the fall of 2005 and will be effective in January 2006. Existing contracts for Phase I PDL drug classes will end on December 31, 2005 and new contracts will begin on January 1, 2006.

The Department will seek Virginia-specific contracts for pricing and supplemental rebates directly with the manufacturers. Pharmaceutical manufacturers are encouraged to provide supplemental rebate offers for consideration by the Commonwealth of Virginia. Supplemental rebate offers are being solicited for all single-source brand products in the therapeutic classes listed below:

Proton Pump Inhibitors
Nasal Steroids
Second Generation Low-Sedating Antihistamines and combination products
Histamine-2 Receptor Antagonists
Inhaled Beta Adrenergics: long acting, short acting, combinations agents and nebulizers
COX-2 Inhibitors
Inhaled Steroids
HMG-CoA Reductase Inhibitors (statins)
Sedative Hypnotics
Angiotensin Converting Enzyme Inhibitors and combination products
Angiotensin Receptor Antagonists and combination products
Beta-blockers
Dihydropyridine Calcium Channel Blockers
Non-Dihydropyridine Calcium Channel Blockers

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In addition, during its meeting on June 8, 2005, the P&T Committee reviewed seven new drug classes for inclusion on the PDL effective January 2006. All seven drug classes were deemed PDL eligible. Supplemental rebate offers are also now being solicited for all single-source brand products in the following therapeutic classes:

Immunomodulators
Topical Immunomodulators
Electrolyte Depleters
Multiple Sclerosis Agents
Urinary Tract Antispasmodics
Lipotropics Non-Statins: Fibrin Acid
Lipotropics Non-Statins: Niacin Derivatives

Finally, the P&T Committee will review two additional drug classes for PDL eligibility during its meeting on August 31, 2005. Pending P&T Committee approval, these drug classes will also be effective on the PDL in January 2006. Supplemental rebate offers are also being solicited for all single-source brand products in the following therapeutic classes:

Phosphodiesterase 5 Inhibitors for Erectile Dysfunction
Phosphodiesterase 5 Inhibitor for Pulmonary Arterial Hypertension

The Department has set the following timeline for seeking supplemental rebates:

Tuesday, September 6, 2005: Manufacturers' final supplemental rebate offers must be submitted to First Health Services by close of business. The Department expects to receive best and final offers by this date.

Friday, October 14, 2005: First Health Services must receive all manufacturer-executed supplemental rebate contracts by close of business. Should the final contract not be received at this time, previous offers will be considered rescinded.


Wednesday, October 19, 2005: Meeting of the P&T Committee to review clinical information, pricing information, and to select which drugs will not require prior authorization.

Monday, January 2, 2006: Implement prior authorization requirement for drugs that were not selected to be on the PDL.

If you have any questions regarding the PDL process, please contact pdlinput@dmass.state.va.us. All correspondence and inquiries regarding pricing and contracting should be directed to: First Health Services Corporation, Attention: David Adams, Clinical Management Consultant, Rebate Contracting and Pricing, 4300 Cox Road, Glen Allen, Virginia 23060. You may also call 804-965-7689 or send an email message to adamsda@fhsc.com

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We hope that you will take this opportunity to work with the Department and participate in a Virginia-specific program that seeks to retain access to quality pharmaceuticals while reducing unsustainable expenditure increases. We look forward to working with you.

Sincerely, 

Patrick W. Finnerty